

Senate File 2380 - Introduced

SENATE FILE 2380

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3250)

A BILL FOR

1 An Act relating to taxation, including the administration and
2 review of certain economic development programs and certain
3 tax incentive programs and the reenactment of the estate
4 tax and including effective date and retroactive and other
5 applicability provisions.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

REVIEW AND REAUTHORIZATION OF PROGRAMS

Section 1. INTENT AND PURPOSE.

1. It is the intent of the general assembly that each tax credit, withholding credit, and revenue division program should effectuate the purposes for which it was enacted and that the cost of such programs should be included more readily in the yearly budgeting process.

9 2. The purposes of this Act are to provide for the regular
10 review of all tax credit, withholding credit, and revenue
11 division programs in order to facilitate the reauthorization
12 of successful programs and to do so at a cost that can be
13 accommodated by the state's annual budget.

DIVISION II

LEGISLATIVE TAX EXPENDITURE COMMITTEE

16 Sec. 2. Section 2.45, Code Supplement 2009, is amended by
17 adding the following new subsection:

18 NEW SUBSECTION. 5. *a.* The legislative tax expenditure
19 committee which shall be composed of ten members of the general
20 assembly, consisting of five members from each house, to be
21 appointed as follows:

22 (1) The chairpersons and the ranking members of the ways and
23 means committee of each house.

24 (2) The chairpersons and the ranking members of the economic
25 growth committee of each house.

26 (3) One member selected by the senate majority leader and
27 one member selected by the speaker of the house.

28 *b.* The legislative tax expenditure committee shall have the
29 powers and duties described in section 2.48.

30 Sec. 3. NEW SECTION. 2.48 Legislative tax expenditure
31 committee — review of tax incentive programs.

32 1. *Statement of principles of sound tax policy.* The
33 legislative tax expenditure committee shall do all of the
34 following:

35 *a.* Issue a statement of principles of sound tax policy.

1 (1) In issuing the statement, the committee may consult with
2 the department of revenue, the legislative services agency,
3 and independent experts who have demonstrated expertise in
4 matters of tax policy, fiscal policy, and public finance such
5 as that typically found among tax attorneys, certified public
6 accountants, and faculty members at institutions of higher
7 learning in the state.

8 (2) The statement shall reflect to the extent practicable
9 the best practices of state and local taxation as recognized
10 by experts in the fields of economics, fiscal policy, law,
11 accounting, and public finance.

12 (3) The statement shall address issues of equity,
13 simplicity, competitiveness, public purpose, and adequacy as
14 those issues pertain to taxation in Iowa.

15 *b.* Evaluate any tax expenditure available under Iowa law
16 and assess its conformance with the statement of principles of
17 sound tax policy issued pursuant to paragraph "a". For purposes
18 of this section, "tax expenditure" means an exclusion from
19 the operation or collection of a tax imposed in this state.
20 Tax expenditures include tax credits, exemptions, deductions,
21 and rebates. Tax expenditures also include sales tax refunds
22 issued pursuant to section 423.3 or section 423.4.

23 *c.* Establish and maintain a system for making available
24 to the public information about the amount and effectiveness
25 of tax expenditures, and the extent to which tax expenditures
26 comply with the statement of principles of sound tax policy.

27 2. *Review of tax expenditures — budget estimates.* The
28 legislative tax expenditure committee shall do all of the
29 following:

30 *a.* Engage in the regular review of the state's tax
31 expenditures.

32 (1) In reviewing tax expenditures, the committee may review
33 any tax expenditure at any time, but shall at a minimum perform
34 the reviews described in subsection 3.

35 (2) For each tax expenditure reviewed, the committee shall

1 submit a report to the legislative council containing the
 2 results of the review. The report shall contain a statement
 3 of the policy goals of the tax expenditure and a return on
 4 investment calculation for the tax expenditure. For purposes
 5 of this subparagraph, "*return on investment calculation*"
 6 means analyzing the cost to the state of providing the tax
 7 expenditure, analyzing the benefits realized by the state from
 8 providing the tax expenditure, and reaching a conclusion as to
 9 whether the benefits of the tax expenditure are worth the cost
 10 to the state of providing the tax expenditure.

11 (3) The report described in subparagraph (2) may include
 12 recommendations for better aligning tax expenditures with the
 13 principles of sound tax policy issued pursuant to subsection 1.

14 b. (1) Estimate for each fiscal year, in conjunction with
 15 the legislative services agency and the department of revenue,
 16 the cost of each individual tax expenditure and the total cost
 17 of all tax expenditures, and by December 15 provide those
 18 estimates to the governor for use in the preparation of the
 19 budget message under section 8.22 and to the general assembly
 20 to be used in the budget process.

21 (2) The estimates provided pursuant to subparagraph (1) may
 22 include the committee's recommendations for the imposition of a
 23 limitation on a specified tax expenditure, a limitation on the
 24 total amount of tax expenditures, or any other recommendation
 25 for a specific tax expenditure or the program under which the
 26 tax expenditure is provided.

27 3. *Schedule of review of certain tax expenditures.* The
 28 committee shall review the following tax expenditures and
 29 incentives according to the following schedule:

30 a. In 2011:

31 (1) The high quality jobs program under chapter 15,
 32 subchapter II, part 13.

33 (2) The tax credits for increasing research activities
 34 available under sections 15.335, 15A.9, 422.10, and 422.33.

35 b. In 2012:

- 1 (1) The Iowa fund of funds program in chapter 15E, division
- 2 VII.
- 3 (2) Property tax revenue divisions for urban renewal areas
- 4 under section 403.19.
- 5 (3) The targeted jobs withholding credits available under
- 6 section 403.19A.
- 7 (4) Funding of urban renewal projects with increased local
- 8 sales and services tax revenues under section 423B.10.
- 9 (5) School tuition organization tax credits under sections
- 10 422.11S and 422.33.
- 11 (6) Tuition and textbook tax credits under section 422.12.
- 12 *c.* In 2013:
- 13 (1) The child and dependent care and early childhood
- 14 development tax credits under section 422.12C.
- 15 (2) The endow Iowa tax credits authorized under section
- 16 15E.305.
- 17 *d.* In 2014:
- 18 (1) Tax credits for investments in qualifying businesses
- 19 and community-based seed capital funds under chapter 15E,
- 20 division V.
- 21 (2) Historic preservation and cultural and entertainment
- 22 district tax credits under chapter 404A.
- 23 (3) Wind energy production tax credits under chapter 476B.
- 24 (4) Renewable energy tax credits under chapter 476C.
- 25 *e.* In 2015:
- 26 (1) The agricultural assets transfer tax credit under
- 27 section 175.37.
- 28 (2) The claim of right tax credit under section 422.5.
- 29 (3) The reduction in allocating income to Iowa by S
- 30 corporation shareholders under section 422.8.
- 31 (4) The minimum tax credit under sections 422.11B, 422.33,
- 32 and 422.60.
- 33 (5) The assistive device corporate tax credit under section
- 34 422.33.
- 35 (6) The charitable conservation contribution tax credit

1 under sections 422.11W and 422.33.

2 (7) The motor vehicle fuel tax credit under section 422.110.

3 4. A tax expenditure or incentive reviewed pursuant to
4 subsection 3 shall be reviewed again not more than five years
5 after the tax expenditure or incentive was most recently
6 reviewed.

7 DIVISION III

8 MAXIMUM AGGREGATE TAX CREDIT LIMIT FOR CERTAIN ECONOMIC
9 DEVELOPMENT PROGRAMS

10 Sec. 4. Section 15.119, subsection 1, Code Supplement 2009,
11 is amended by striking the subsection and inserting in lieu
12 thereof the following:

13 1. a. Notwithstanding any provision to the contrary in any
14 of the programs listed in subsection 2, the department, except
15 as provided in paragraph "b", shall not authorize for any one
16 fiscal year an amount of tax credits for the programs specified
17 in subsection 2 that is in excess of one hundred twenty million
18 dollars.

19 b. The department may authorize an amount of tax credits
20 during a fiscal year that is in excess of the amount specified
21 in paragraph "a", but the amount of such excess shall be counted
22 against the total amount of tax credits that may be authorized
23 for the next fiscal year.

24 DIVISION IV

25 FILM PROGRAM SUSPENSION

26 Sec. 5. Section 15.393, Code Supplement 2009, is amended by
27 adding the following new subsection:

28 NEW SUBSECTION. 5. The department shall not register a new
29 project pursuant to this section until July 1, 2012.

30 Sec. 6. EFFECTIVE UPON ENACTMENT. This division of this
31 Act, being deemed of immediate importance, takes effect upon
32 enactment.

33 DIVISION V

34 SUPPLEMENTAL RESEARCH ACTIVITIES CREDIT

35 Sec. 7. Section 15.335, Code Supplement 2009, is amended to

1 read as follows:

2 **15.335 Research activities credit.**

3 1. a. An eligible business may claim a corporate tax credit
4 for increasing research activities in this state during the
5 period the eligible business is participating in the program.

6 b. For purposes of this section, "*research activities*"
7 includes the development and deployment of innovative renewable
8 energy generation components manufactured or assembled in this
9 state. For purposes of this section, "*innovative renewable*
10 *energy generation components*" does not include a component
11 with more than two hundred megawatts of installed effective
12 nameplate capacity.

13 c. The tax credits for innovative renewable energy
14 generation components shall not exceed two million dollars.

15 2. a. (1) ~~The~~ In the case of an eligible business whose
16 gross revenues do not exceed twenty million dollars per year,
17 the credit equals the sum of the following:

18 ~~{a} (1) Six and one-half~~ Ten percent of the excess of
19 qualified research expenses during the tax year over the base
20 amount for the tax year based upon the state's apportioned
21 share of the qualifying expenditures for increasing research
22 activities.

23 ~~{b} (2) Six and one-half~~ Ten percent of the basic research
24 payments determined under section 41(e)(1)(A) of the Internal
25 Revenue Code during the tax year based upon the state's
26 apportioned share of the qualifying expenditures for increasing
27 research activities.

28 b. In the case of an eligible business whose gross revenues
29 exceed twenty million dollars per year, the credit equals the
30 sum of the following:

31 (1) Three percent of the excess of qualified research
32 expenses during the tax year over the base amount for the tax
33 year based upon the state's apportioned share of the qualifying
34 expenditures for increasing research activities.

35 (2) Three percent of the basic research payments determined

1 under section 41(e)(1)(A) of the Internal Revenue Code during
 2 the tax year based upon the state's apportioned share of the
 3 qualifying expenditures for increasing research activities.

4 ~~{2}~~ 3. The For purposes of subsection 2, the state's
 5 apportioned share of the qualifying expenditures for increasing
 6 research activities is a percent equal to the ratio of
 7 qualified research expenditures in this state to total
 8 qualified research expenditures.

9 ~~b.~~ 4. a. In lieu of the credit amount computed in
 10 ~~paragraph "a", subparagraph (1)~~ subsection 2, an eligible
 11 business may elect to compute the credit amount for qualified
 12 research expenses incurred in this state in a manner consistent
 13 with the alternative incremental credit described in section
 14 41(c)(4) of the Internal Revenue Code. The taxpayer may make
 15 this election regardless of the method used for the taxpayer's
 16 federal income tax. The election made under this paragraph is
 17 for the tax year and the taxpayer may use another or the same
 18 method for any subsequent year.

19 ~~e.~~ b. For purposes of the alternate credit computation
 20 method in paragraph ~~"b"~~ "a", the credit percentages applicable
 21 to qualified research expenses described in clauses (i), (ii),
 22 and (iii) of section 41(c)(4)(A) of the Internal Revenue Code
 23 ~~are one and sixty-five hundredths percent, two and twenty~~
 24 ~~hundredths percent, and two and seventy-five hundredths~~
 25 ~~percent, respectively.~~ as follows:

26 (1) In the case of an eligible business whose gross revenues
 27 do not exceed twenty million dollars per year, the credit
 28 percentages are two and fifty-four hundredths percent, three
 29 and thirty-eight hundredths percent, and four and twenty-three
 30 hundredths percent, respectively.

31 (2) In the case of an eligible business whose gross revenues
 32 exceed twenty million dollars per year, the credit percentages
 33 are seventy-six hundredths percent, one and two hundredths
 34 percent, and one and twenty-seven hundredths percent,
 35 respectively.

1 ~~2.~~ 5. The credit allowed in this section is in addition
 2 to the credit authorized in section 422.10 and section 422.33,
 3 subsection 5. However, if the alternative credit computation
 4 method is used in section 422.10 or section 422.33, subsection
 5 5, the credit allowed in this section shall also be computed
 6 using that method.

7 ~~3.~~ 6. If the eligible business is a partnership, S
 8 corporation, limited liability company, or estate or trust
 9 electing to have the income taxed directly to the individual,
 10 an individual may claim the tax credit allowed. The amount
 11 claimed by the individual shall be based upon the pro rata
 12 share of the individual's earnings of the partnership, S
 13 corporation, limited liability company, or estate or trust.

14 ~~4.~~ 7. a. For purposes of this section, "*base amount*",
 15 "*basic research payment*", and "*qualified research expense*" mean
 16 the same as defined for the federal credit for increasing
 17 research activities under section 41 of the Internal Revenue
 18 Code, except that for the alternative incremental credit such
 19 amounts are for research conducted within this state.

20 b. For purposes of this section, "*Internal Revenue Code*"
 21 means the Internal Revenue Code in effect on January 1, 2009.

22 ~~5.~~ 8. Any credit in excess of the tax liability for the
 23 taxable year shall be refunded with interest computed under
 24 section 422.25. In lieu of claiming a refund, a taxpayer may
 25 elect to have the overpayment shown on its final, completed
 26 return credited to the tax liability for the following year.

27 ~~6.~~ 9. The department of revenue shall by February 15
 28 of each year issue an annual report to the general assembly
 29 containing the total amount of all claims made by employers
 30 under this section, and the portion of the claims issued as
 31 refunds, for all claims processed during the previous calendar
 32 year. The report shall contain the name of each claimant for
 33 whom a tax credit in excess of five hundred thousand dollars
 34 was issued and the amount of the credit received.

35 Sec. 8. APPLICABILITY. This division of this Act applies

1 to tax credits awarded under section 15.335 on or after July
2 1, 2010.

3 DIVISION VI

4 MAXIMUM AMOUNT OF ACCELERATED CAREER EDUCATION JOB CREDITS

5 Sec. 9. Section 260G.4B, subsection 1, Code 2009, is amended
6 to read as follows:

7 1. The total amount of program job credits from all
8 employers which shall be allocated for all accelerated career
9 education programs in the state in any one fiscal year shall
10 not exceed ~~the sum of three million dollars in the fiscal~~
11 ~~year beginning July 1, 2000, three million dollars in the~~
12 ~~fiscal year beginning July 1, 2001, three million dollars~~
13 ~~in the fiscal year beginning July 1, 2002, four million~~
14 ~~dollars in the fiscal year beginning July 1, 2003, and six~~
15 ~~million dollars in the fiscal year beginning July 1, 2004,~~
16 ~~and every fiscal year thereafter~~ five million four hundred
17 thousand dollars. ~~Any increase in program job credits above~~
18 ~~the six million dollar limitation per fiscal year shall be~~
19 ~~developed, based on recommendations in a study conducted by~~
20 ~~the department of economic development, pursuant to this~~
21 ~~section, Code Supplement 2003, of the needs and performance of~~
22 ~~approved programs in the fiscal years beginning July 1, 2000,~~
23 ~~and July 1, 2001.~~ A community college shall file a copy of
24 each agreement with the department of economic development.
25 The department shall maintain an annual record of the proposed
26 program job credits under each agreement for each fiscal year.
27 Upon receiving a copy of an agreement, the department shall
28 allocate any available amount of program job credits to the
29 community college according to the agreement sufficient for
30 the fiscal year and for the term of the agreement. When the
31 total available program job credits are allocated for a fiscal
32 year, the department shall notify all community colleges that
33 the maximum amount has been allocated and that further program
34 job credits will not be available for the remainder of the
35 fiscal year. Once program job credits have been allocated to

1 a community college, the full allocation shall be received by
2 the community college throughout the fiscal year and for the
3 term of the agreement even if the statewide program job credit
4 maximum amount is subsequently allocated and used.

5 DIVISION VII

6 MAXIMUM AMOUNT OF AGRICULTURAL ASSET TRANSFER TAX CREDITS

7 Sec. 10. Section 175.37, subsection 10, Code Supplement
8 2009, is amended to read as follows:

9 10. The amount of tax credit certificates that may be issued
10 pursuant to this section shall not exceed ~~six~~ two million
11 dollars in any fiscal year. The authority shall issue the tax
12 credit certificates on a first-come, first-served basis.

13 DIVISION VIII

14 ECONOMIC DEVELOPMENT REGION REVOLVING LOAN FUND TAX CREDIT

15 Sec. 11. Section 15E.231, subsection 2, Code Supplement
16 2009, is amended by striking the subsection.

17 Sec. 12. Section 15E.232, subsections 1 and 2, Code 2009,
18 are amended by striking the subsections.

19 Sec. 13. Section 422.33, subsection 17, Code Supplement
20 2009, is amended by striking the subsection.

21 Sec. 14. Section 422.60, subsection 9, Code Supplement
22 2009, is amended by striking the subsection.

23 Sec. 15. Section 533.329, subsection 2, paragraph k, Code
24 Supplement 2009, is amended by striking the paragraph.

25 Sec. 16. REPEAL. Sections 422.11K and 432.12F, Code 2009,
26 are repealed.

27 Sec. 17. RETROACTIVE APPLICABILITY. This division of this
28 Act applies retroactively to January 1, 2010, for tax years
29 beginning on or after that date.

30 DIVISION IX

31 MAXIMUM AMOUNT OF ENDOW IOWA TAX CREDITS

32 Sec. 18. Section 15E.305, subsection 2, unnumbered
33 paragraph 1, Code Supplement 2009, is amended to read as
34 follows:

35 The aggregate amount of tax credits authorized pursuant to

1 this section shall not exceed a total of ~~three~~ two million
2 seven hundred thousand dollars plus such additional credit
3 amount as provided by this section annually. The maximum
4 amount of tax credits granted to a taxpayer shall not exceed
5 five percent of the aggregate amount of tax credits authorized.

6 Sec. 19. EFFECTIVE UPON ENACTMENT. This division of this
7 Act, being deemed of immediate importance, takes effect upon
8 enactment.

9 Sec. 20. RETROACTIVE APPLICABILITY. This division of this
10 Act applies retroactively to January 1, 2010, for endow Iowa
11 tax credits authorized on or after that date.

12 DIVISION X

13 MAXIMUM AMOUNT OF SCHOOL TUITION ORGANIZATION TAX CREDITS

14 Sec. 21. Section 422.11S, subsection 7, paragraph a,
15 subparagraph (2), Code 2009, is amended to read as follows:

16 (2) "*Total approved tax credits*" means ~~for the tax year~~
17 ~~beginning in the 2006 calendar year, two million five hundred~~
18 ~~thousand dollars, for the tax year beginning in the 2007~~
19 ~~calendar year, five million dollars, and for tax years~~
20 ~~beginning on or after January 1, 2008, seven~~ 2011, six million
21 five seven hundred fifty thousand dollars.

22 DIVISION XI

23 VENTURE CAPITAL — IOWA FUND OF FUNDS

24 Sec. 22. Section 15E.66, subsections 1 and 7, Code 2009, are
25 amended to read as follows:

26 1. The board may issue certificates and related tax
27 credits to designated investors which, if redeemed for the
28 maximum possible amount, shall not exceed a total aggregate
29 of ~~one hundred~~ sixty million dollars of tax credits. The
30 certificates shall be issued contemporaneously with a
31 commitment to invest in the Iowa fund of funds by a designated
32 investor. A certificate issued by the board shall have a
33 specific maturity date or dates designated by the board and
34 shall be redeemable only in accordance with the contingencies
35 reflected on the certificate or incorporated therein by

1 reference. A certificate and the related tax credit shall be
 2 transferable by the designated investor. A tax credit shall
 3 not be claimed or redeemed except by a designated investor or
 4 transferee in accordance with the terms of a certificate from
 5 the board. A tax credit shall not be claimed for a tax year
 6 that begins earlier than the maturity date or dates stated
 7 on the certificate. An individual may claim the credit of a
 8 partnership, limited liability company, S corporation, estate,
 9 or trust electing to have the income taxed directly to the
 10 individual. The amount claimed by the individual shall be
 11 based upon the pro rata share of the individual's earnings from
 12 the partnership, limited liability company, S corporation,
 13 estate, or trust. Any tax credit in excess of the taxpayer's
 14 tax liability for the tax year may be credited to the tax
 15 liability for the following seven years, or until depleted,
 16 whichever is earlier.

17 7. In determining the ~~one hundred million dollar~~ maximum
 18 aggregate limit in subsection 1 and the ~~twenty million~~
 19 ~~dollar~~ fiscal year limitation in subsection 5, the board shall
 20 use the cumulative amount of scheduled aggregate returns on
 21 certificates issued by the board to designated investors.
 22 However, certificates and related tax credits which have
 23 expired shall not be included and certificates and related tax
 24 credits which have been redeemed shall be included only to the
 25 extent of tax credits actually allowed.

26 Sec. 23. EFFECTIVE UPON ENACTMENT. This division of this
 27 Act, being deemed of immediate importance, takes effect upon
 28 enactment.

29 DIVISION XII

30 VENTURE CAPITAL — INVESTMENT TAX CREDIT

31 Sec. 24. Section 422.33, subsection 13, Code Supplement
 32 2009, is amended by striking the subsection.

33 Sec. 25. Section 422.60, subsection 6, Code Supplement
 34 2009, is amended by striking the subsection.

35 Sec. 26. Section 533.329, subsection 2, paragraph i, Code

1 Supplement 2009, is amended by striking the paragraph.

2 Sec. 27. REPEAL. Sections 15E.51, 422.11G, and 432.12B,
3 Code 2009, are repealed.

4 Sec. 28. TAX CREDIT CERTIFICATE VALIDITY. Tax credit
5 certificates issued for future tax years for investments made
6 on or before July 1, 2010, under the provisions repealed in
7 this division of this Act are valid and may be claimed by a
8 taxpayer after the effective date of this division of this Act
9 in the tax year stated on the certificate.

10

DIVISION XIII

11 REFUNDABLE INVESTMENT TAX CREDITS FOR VALUE-ADDED AGRICULTURAL
12 PRODUCTS

13 Sec. 29. Section 15.333, subsection 3, Code Supplement
14 2009, is amended by striking the subsection.

15 Sec. 30. EFFECTIVE UPON ENACTMENT. This division of this
16 Act, being deemed of immediate importance, takes effect upon
17 enactment.

18

DIVISION XIV

19

MAXIMUM AMOUNT OF HISTORIC TAX CREDITS

20 Sec. 31. Section 404A.4, subsection 2, Code Supplement
21 2009, is amended by adding the following new paragraph:

22 NEW PARAGRAPH. *d.* For the fiscal year beginning July 1,
23 2012, and for each fiscal year thereafter, the department shall
24 reserve not more than forty-five million dollars worth of tax
25 credits for any one taxable year.

26 Sec. 32. Section 404A.4, subsection 4, paragraph a, Code
27 Supplement 2009, is amended to read as follows:

28 *a.* The total amount of tax credits that may be approved
29 for a fiscal year prior to the fiscal year beginning July
30 1, 2012, under this chapter shall not exceed fifty million
31 dollars. The total amount of tax credits that may be approved
32 for a fiscal year beginning on or after July 1, 2012, shall not
33 exceed forty-five million dollars.

34

DIVISION XV

35

ESTATE TAX REENACTED

1 Sec. 33. NEW SECTION. **451.1 Definitions.**

2 As used in this chapter, unless the context otherwise
3 requires:

4 1. "*Adjusted taxable estate*" means the taxable estate
5 computed for federal estate tax purposes reduced by sixty
6 thousand dollars.

7 2. "*Federal estate tax*" means the tax imposed by the
8 provisions of the Federal Estate Tax Act.

9 3. "*Federal Estate Tax Act*" and all such similar terms,
10 means Title III of chapter 27 of the Acts of the Sixty-ninth
11 Congress of the United States, first session, appearing in
12 44 Statutes at Large, chapter 27, as of January 1, 2000, as
13 amended.

14 4. "*Gross estate*" means the gross estate as determined under
15 section 451.3.

16 5. "*Internal Revenue Code*" means the Internal Revenue Code
17 as of the implementation date of this chapter, as specified in
18 section 451.13.

19 6. "*Iowa estate tax*" means the tax imposed by this chapter.

20 7. "*Month*" means a calendar month.

21 8. "*Net estate*" means the net estate as determined under the
22 provisions of section 451.3.

23 9. "*Personal representative*" means the executor of the will
24 or administrator of the estate of the decedent, or if there
25 is no such executor or administrator appointed, qualified and
26 acting, then any person in actual or constructive possession of
27 any property included in the gross estate of the decedent.

28 Sec. 34. NEW SECTION. **451.2 Additional tax.**

29 1. An amount equal to the federal estate tax credit for
30 state inheritance and estate taxes as allowed in the Internal
31 Revenue Code is imposed upon every transfer of the net estate
32 of every decedent being a resident of, or owning property in,
33 this state.

34 2. If the decedent is a resident of Iowa and all property
35 is located in Iowa, or is subject to the jurisdiction of the

1 courts of Iowa, an amount equal to the tax imposed under
2 subsection 1 shall be paid to the state of Iowa. If the
3 decedent is a nonresident or if property is located outside the
4 state of Iowa and not subject to jurisdiction of Iowa courts,
5 the tax shall be prorated on the basis that the Iowa property
6 bears to the total gross estate for federal tax purposes.

7 3. The total tax or the Iowa share of the total tax shall be
8 credited with the amount of any inheritance tax due the state
9 of Iowa as provided in chapter 450.

10 Sec. 35. NEW SECTION. **451.3 Gross and net estate.**

11 The gross estate shall be the same as finally determined for
12 federal estate tax and the net estate shall be the gross estate
13 less deductions as permitted by federal law, in arriving at the
14 net taxable federal estate, all determined as provided in the
15 Internal Revenue Code.

16 Sec. 36. NEW SECTION. **451.4 Tax on net estate.**

17 The tax imposed by this chapter shall be upon the transfer
18 of the total net estate of every decedent dying after the
19 implementation date of this chapter as provided in section
20 451.13.

21 Sec. 37. NEW SECTION. **451.5 Duty of personal**
22 **representative.**

23 The personal representative of a decedent whose estate may
24 be subject to the tax imposed by this chapter, shall file
25 in the office of the director of revenue, on or before the
26 last day of the ninth month after the death of the decedent,
27 duplicate copies of the estate tax return provided for in the
28 Federal Estate Tax Act, and in like manner, duplicate copies
29 of all supplemental or amended returns. The values of all
30 items included in the gross estate, as shown by those returns,
31 or supplemental or amended returns, shall be considered as
32 the values of those items for the purposes of this chapter.
33 In case of revaluation or correction of valuation of any of
34 those items, either by supplemental or amended returns, or
35 by the federal commissioner of internal revenue, or by an

1 appellate tribunal by which the value is finally determined,
2 the corrected values shall be considered as the values of those
3 items for the purposes of this chapter.

4 Sec. 38. NEW SECTION. **451.6 Payment of tax.**

5 The tax imposed by this chapter shall be paid by the personal
6 representative to the department of revenue on or before the
7 last day of the ninth month after the death of the decedent.

8 Sec. 39. NEW SECTION. **451.7 Disposal of tax.**

9 The proceeds of this tax shall be paid into the general fund
10 of the state.

11 Sec. 40. NEW SECTION. **451.8 Claim for credit or refund.**

12 If the personal representative of a resident decedent
13 shall have paid to the treasurer of the United States or
14 to a collector of internal revenue an estate tax under the
15 provisions of the Federal Estate Tax Act in respect of property
16 included in the gross estate, determined as herein provided,
17 and shall have claimed as credits or deductions against the
18 federal estate tax a sum less than the maximum credits or
19 deductions allowed by the provisions of the Federal Estate Tax
20 Act for any estate, inheritance, legacy or succession taxes
21 actually paid to any state or territory of the United States,
22 or to the District of Columbia, it shall be the personal
23 representative's duty, with due diligence, to file in the
24 bureau of internal revenue a claim for credit or refund for
25 such amount, if any, as such estate shall be properly entitled
26 to receive under the provisions of the Federal Estate Tax Act
27 and of this chapter.

28 Sec. 41. NEW SECTION. **451.9 Appeal.**

29 If any claim for refund or credit, or any part thereof,
30 shall be denied or disallowed by the commissioner of internal
31 revenue, the personal representative, the director of revenue,
32 or any person having an interest in said estate which may be
33 adversely affected by such denial or disallowance, may apply
34 to the judge of the court having jurisdiction of such estate,
35 for an order directing such personal representative to take,

1 perfect, and prosecute an appeal from the decision of the
 2 commissioner of internal revenue to such court or tribunal as
 3 may have jurisdiction of such matter, and, upon the granting
 4 of such order, the director of revenue may assist in the
 5 prosecution of such appeal. The judge of the court granting
 6 such order may make a reasonable allowance for attorney fees
 7 for the prosecution of such appeal, and direct the manner in
 8 which the same, together with any other costs or expenses which
 9 may be allowed by said court in connection therewith, shall be
 10 paid.

11 Sec. 42. NEW SECTION. 451.10 Effect of allowance.

12 If any claim for credit or refund, or any part thereof, shall
 13 be finally determined in favor of such personal representative,
 14 any amount refunded or credited thereon shall inure to the
 15 benefit of such estate.

16 Sec. 43. NEW SECTION. 451.11 Effect of disallowance.

17 If any claim for credit or refund or any part thereof,
 18 shall be finally determined adversely to such personal
 19 representative, for any reason other than lack of diligence or
 20 other failure of duty on the personal representative's part,
 21 the amount so denied or disallowed, or so much thereof as
 22 shall have been paid to the department of revenue under the
 23 provisions of this chapter, shall, upon a claim duly filed
 24 with, and proper showing made to, the director of revenue,
 25 be refunded by the department of revenue to such personal
 26 representative, and shall inure to the benefit of such estate.

27 Sec. 44. NEW SECTION. 451.12 Applicable statutes
 28 penalties.

29 All the provisions of chapter 450 with respect to the lien
 30 provisions of section 450.7, and the determination, imposition,
 31 payment, and collection of the tax imposed under that chapter,
 32 including penalty and interest upon delinquent taxes and the
 33 confidentiality of the tax return, are applicable to this
 34 chapter, except as they are in conflict with this chapter. The
 35 exceptions to the lien provisions found in section 450.7 do

1 not apply to this chapter. The penalty provisions set out in
 2 section 450.53 shall apply to a person in possession of assets
 3 to be reported for purposes of taxation who willfully makes a
 4 false or fraudulent return or willfully fails to pay the tax,
 5 supply the information, make, sign, or file the required return
 6 within the time required by law or a person who willfully
 7 attempts in any manner to evade taxes imposed by this chapter
 8 or avoid payment of the tax. The director of revenue shall
 9 adopt rules necessary for the enforcement of this chapter.

10 Sec. 45. NEW SECTION. 451.13 Contingent implementation
 11 — applicability.

12 1. This chapter shall be implemented as of the date on
 13 which a provision of the Internal Revenue Code providing for
 14 a credit against federal estate taxes owed for the amount of
 15 state inheritance and estate taxes paid, pursuant to chapter
 16 450 and this chapter, is applicable.

17 2. This chapter applies to the estates of persons dying on
 18 or after the implementation date specified in subsection 1.

19 CONFORMING AMENDMENTS

20 Sec. 46. Section 12.71, subsection 8, Code 2009, is amended
 21 to read as follows:

22 8. Bonds issued under the provisions of this section are
 23 declared to be issued for a general public and governmental
 24 purpose and all bonds issued under this section shall be exempt
 25 from taxation by the state of Iowa and the interest on the
 26 bonds shall be exempt from the state income tax and the state
 27 inheritance and estate tax.

28 Sec. 47. Section 12.80, subsection 3, Code 2009, is amended
 29 to read as follows:

30 3. Bonds issued under this section are declared to be
 31 issued for an essential public and governmental purpose and all
 32 bonds issued under this section shall be exempt from taxation
 33 by the state of Iowa and the interest on the bonds shall be
 34 exempt from the state income tax and the state inheritance and
 35 estate tax.

1 Sec. 48. Section 12.81, subsection 8, Code 2009, is amended
2 to read as follows:

3 8. Bonds issued under the provisions of this section are
4 declared to be issued for a general public and governmental
5 purpose and all bonds issued under this section shall be exempt
6 from taxation by the state of Iowa and the interest on the
7 bonds shall be exempt from the state income tax and the state
8 inheritance and estate tax.

9 Sec. 49. Section 12.87, subsection 8, Code Supplement 2009,
10 is amended to read as follows:

11 8. Any bonds issued and sold under the provisions of this
12 section are declared to be issued and sold for an essential
13 public and governmental purpose, and all bonds issued and sold
14 under this section except as otherwise provided in any trust
15 indentures, resolutions, or other instruments authorizing their
16 issuance shall be exempt from taxation by the state of Iowa and
17 the interest on the bonds shall be exempt from the state income
18 tax and the state inheritance and estate tax.

19 Sec. 50. Section 12.90A, subsection 9, Code Supplement
20 2009, is amended to read as follows:

21 9. Annual appropriation bonds issued under this section are
22 declared to be issued for an essential public and governmental
23 purpose and all annual appropriation bonds issued under this
24 section shall be exempt from taxation by the state of Iowa
25 and the interest on the annual appropriation bonds shall be
26 exempt from the state income tax and the state inheritance and
27 estate tax.

28 Sec. 51. Section 12.91, subsection 9, Code 2009, is amended
29 to read as follows:

30 9. Bonds issued under the provisions of this section are
31 declared to be issued for a general public and governmental
32 purpose and all bonds issued under this section shall be exempt
33 from taxation by the state of Iowa and the interest on the
34 bonds shall be exempt from the state income tax and the state
35 inheritance and estate tax.

1 Sec. 52. Section 16.177, subsection 8, Code 2009, is amended
2 to read as follows:

3 8. Bonds issued under this section are declared to be
4 issued for an essential public and governmental purpose and all
5 bonds issued under this section shall be exempt from taxation
6 by the state of Iowa and the interest on the bonds shall be
7 exempt from the state income tax and the state inheritance and
8 estate tax.

9 Sec. 53. Section 321.47, subsection 2, Code 2009, is amended
10 to read as follows:

11 2. The persons entitled under the laws of descent and
12 distribution of an intestate's property to the possession
13 and ownership of a vehicle owned in whole or in part by a
14 decedent, upon filing an affidavit stating the name and date of
15 death of the decedent, the right to possession and ownership
16 of the persons filing the affidavit, and that there has been
17 no administration of the decedent's estate, which instrument
18 shall also contain an agreement to indemnify creditors of
19 the decedent who would be entitled to levy execution upon
20 the motor vehicle to the extent of the value of the motor
21 vehicle, are entitled upon fulfilling the other requirements of
22 this chapter, to the issuance of a registration card for the
23 interest of the decedent in the vehicle and a certificate of
24 title to it. If a decedent dies testate, and either the will is
25 not probated or is admitted to probate without administration,
26 the persons entitled to the possession and ownership of a
27 vehicle owned in whole or in part by the decedent may file
28 an affidavit and, upon fulfilling the other requirements of
29 this chapter, are entitled to the issuance of a registration
30 card for the interest of the decedent in the vehicle and a
31 certificate of title to the vehicle. The affidavit shall
32 contain the same information and indemnity agreement as is
33 required in cases of intestacy pursuant to this section. A
34 requirement of chapter 450 or 451 shall not be considered
35 satisfied by the filing of the affidavit provided for in this

1 section. If, from the records in the office of the county
2 treasurer, there appear to be any liens on the vehicle, the
3 certificate of title shall contain a statement of the liens
4 unless the application is accompanied by proper evidence of
5 their satisfaction or extinction. Evidence of extinction
6 may consist of, but is not limited to, an affidavit of the
7 applicant stating that a security interest was foreclosed as
8 provided in chapter 554, article 9, part 6.

9 Sec. 54. Section 421.60, subsection 2, paragraph c,
10 unnumbered paragraph 1, Code 2009, is amended to read as
11 follows:

12 If the notice of assessment or denial of a claim for refund
13 relates to a tax return filed pursuant to section 422.14 or
14 chapter 450 ~~or~~, 450A, or 451, by the taxpayer which designates
15 an individual as an authorized representative of the taxpayer
16 with respect to that return, or if a power of attorney has been
17 filed with the department by the taxpayer which designates an
18 individual as an authorized representative of the taxpayer with
19 respect to any tax that is included in the notice of assessment
20 or denial of a claim for refund, a copy of the notice together
21 with any additional information required to be sent to the
22 taxpayer shall be sent to the authorized representative as
23 well.

24 Sec. 55. Section 450.7, subsection 2, unnumbered paragraph
25 1, Code Supplement 2009, is amended to read as follows:

26 Notice of the lien is not required to be recorded. The
27 rights of the state under the lien have priority over all
28 subsequent mortgages, purchases, or judgment creditors; and a
29 conveyance after the decedent's death of the property subject
30 to a lien does not discharge the property except as otherwise
31 provided in this chapter. However, if additional tax is
32 determined to be owing under this chapter or chapter 451 after
33 the lien has been released under paragraph "a" or "b", the lien
34 does not have priority over subsequent mortgages, purchases,
35 or judgment creditors unless notice of the lien is recorded in

1 the office of the recorder of the county where the estate is
2 probated, or where the property is located if the estate has
3 not been administered. The department of revenue may release
4 the lien by filing in the office of the clerk of the court in
5 the county where the property is located, the decedent owner
6 died, or the estate is pending or was administered, one of the
7 following:

8 Sec. 56. Section 450.68, subsection 1, paragraph b, Code
9 Supplement 2009, is amended to read as follows:

10 b. Federal tax returns, copies of returns, return
11 information as defined in section 6103(b) of the Internal
12 Revenue Code, and state inheritance tax returns, which are
13 required to be filed with the department for the enforcement
14 of the inheritance and estate tax laws of this state, shall be
15 deemed and held as confidential by the department. However,
16 such returns or return information may be disclosed by the
17 director to officers or employees of other state agencies,
18 subject to the same confidentiality restrictions imposed on the
19 officers and employees of the department.

20 Sec. 57. Section 455G.6, subsection 14, Code Supplement
21 2009, is amended to read as follows:

22 14. Bonds issued under the provisions of this section are
23 declared to be issued for an essential public and governmental
24 purpose and all bonds issued under this chapter shall be exempt
25 from taxation by the state of Iowa and the interest on the
26 bonds shall be exempt from the state income tax and the state
27 inheritance and estate tax.

28 Sec. 58. Section 463C.12, subsection 8, Code 2009, is
29 amended to read as follows:

30 8. Tax-exempt bonds issued by the authority in connection
31 with the program, which are exempt from taxation for federal
32 tax purposes, are also exempt from taxation by the state of
33 Iowa and the interest on these bonds is exempt from state
34 income taxes and state inheritance and estate taxes.

35 Sec. 59. Section 524.1406, subsection 3, paragraph a, Code

1 2009, is amended to read as follows:

2 a. Notwithstanding any contrary provision in chapter
3 490, division XIII, in determining the fair value of the
4 shareholder's shares of a bank organized under this chapter
5 or a bank holding company as defined in section 524.1801 in a
6 transaction or event in which the shareholder is entitled to
7 appraisal rights, due consideration shall be given to valuation
8 factors recognized for federal and estate tax purposes,
9 including discounts for minority interests and discounts
10 for lack of marketability. However, any payment made to
11 shareholders under section 490.1324 shall be in an amount not
12 less than the stockholders' equity in the bank disclosed in its
13 last statement of condition filed under section 524.220 or the
14 total equity capital of the bank holding company disclosed in
15 the most recent report filed by the bank holding company with
16 the board of governors of the federal reserve system, divided
17 by the number of shares outstanding.

18 Sec. 60. Section 633.436, subsection 1, unnumbered
19 paragraph 1, Code 2009, is amended to read as follows:

20 Except as provided in sections 633.211 and 633.212, shares
21 of the distributees shall abate, for the payment of debts and
22 charges, federal and state estate taxes, legacies, the shares
23 of children born or adopted after the making of a will, or the
24 share of the surviving spouse who elects to take against the
25 will, without any preference or priority as between real and
26 personal property, in the following order:

27 Sec. 61. Section 633.449, Code 2009, is amended to read as
28 follows:

29 **633.449 Payment of federal estate taxes.**

30 All federal estate taxes, distinguished from state
31 inheritance and estate taxes, owing by the estate of a decedent
32 shall be paid from the property of the estate, unless the will
33 of the decedent, or other trust instrument, provides expressly
34 to the contrary.

35 Sec. 62. Section 633A.4703, unnumbered paragraph 1, Code

1 2009, is amended to read as follows:

2 Except as otherwise provided by the governing instrument,
3 where necessary to abate shares of the beneficiaries of a trust
4 for the payment of debts and charges, federal and state estate
5 taxes, bequests, the share of the surviving spouse who takes
6 an elective share, and the shares of children born or adopted
7 after the execution of the trust, abatement shall occur in the
8 following order:

9

DIVISION XVI

10

ENTERPRISE ZONES INTERIM STUDY COMMITTEE

11

Sec. 63. ENTERPRISE ZONES INTERIM STUDY COMMITTEE.

12

1. The legislative council is requested to establish an
13 interim study committee to evaluate the effectiveness of Iowa's
14 enterprise zone program and make recommendations on the future
15 of the program. In conducting the study, the committee shall
16 review the original policy goals of the program, the amount of
17 state assistance provided under the program, and the benefits
18 realized by the state through the administration of the
19 program, and shall reach a conclusion as to whether the amount
20 of assistance provided has been in proportion to the benefits
21 realized.

22

2. The committee shall be composed of ten members of the
23 general assembly. Five members shall be members of the senate,
24 three of whom shall be appointed by the majority leader of the
25 senate, and two of whom shall be appointed by the minority
26 leader of the senate. Five members shall be members of the
27 house of representatives, three of whom shall be appointed
28 by the speaker of the house of representatives, and two of
29 whom shall be appointed by the minority leader of the house of
30 representatives.

31

3. The study committee shall issue a report to the general
32 assembly containing its findings and recommendations by January
33 15, 2011.

34

DIVISION XVII

35

INDUSTRIAL NEW JOBS TRAINING INTERIM STUDY COMMITTEE

1 Sec. 64. INDUSTRIAL NEW JOBS TRAINING INTERIM STUDY
2 COMMITTEE.

3 1. The legislative council is requested to establish an
4 interim study committee to evaluate the effectiveness of Iowa's
5 industrial new jobs training program and make recommendations
6 on the future of the program. In conducting the study,
7 the committee shall review the original policy goals of the
8 program, the amount of state assistance provided under the
9 program, and the benefits realized by the state through the
10 administration of the program, and shall reach a conclusion
11 as to whether the amount of assistance provided has been in
12 proportion to the benefits realized. The review shall also
13 include an examination of the efficiency of the bonding and
14 withholding credit financing mechanisms used in the programs
15 as well as the administrative and training costs entailed in
16 the operation of the program.

17 2. The committee shall be composed of ten members of the
18 general assembly. Five members shall be members of the senate,
19 three of whom shall be appointed by the majority leader of the
20 senate, and two of whom shall be appointed by the minority
21 leader of the senate. Five members shall be members of the
22 house of representatives, three of whom shall be appointed
23 by the speaker of the house of representatives, and two of
24 whom shall be appointed by the minority leader of the house of
25 representatives.

26 3. The study committee shall issue a report to the general
27 assembly containing its findings and recommendations by January
28 15, 2011.

29 EXPLANATION

30 This bill relates to the administration and review of
31 certain tax credit, withholding credit, division of revenue,
32 and other financial assistance programs.

33 Division I of the bill expresses the intent and purposes of
34 the bill.

35 Division II of the bill creates a legislative tax

1 expenditure committee within the legislative council. The
2 committee is composed of 10 members of the general assembly,
3 five members from each house, appointed by the legislative
4 council. The committee consists of the chairpersons and
5 ranking members of the ways and means and economic growth
6 committees, one member selected by the senate majority
7 leader, and one member selected by the speaker of the house of
8 representatives.

9 The committee has a number of duties. The committee is
10 required to issue a statement of principles of sound tax
11 policy. In issuing the statement, the committee may consult
12 with the department of revenue, the legislative services
13 agency, and independent experts who have demonstrated expertise
14 in matters of tax policy, fiscal policy, and public finance.
15 The statement must reflect to the extent practicable the best
16 practices of state and local taxation as recognized by experts
17 in the fields of economics, fiscal policy, law, accounting, and
18 public finance. The statement must address issues of equity,
19 simplicity, competitiveness, public purpose, and adequacy as
20 those issues pertain to taxation in Iowa.

21 The committee must evaluate the tax expenditures available
22 under Iowa law and assess their conformance with the statement
23 of principles of sound tax policy. "Tax expenditure" is
24 defined to mean an exclusion from the operation or collection
25 of a tax imposed in this state. Tax expenditures include tax
26 credits, exemptions, deductions, and rebates. Tax expenditures
27 also include sales tax refunds issued pursuant to Code section
28 423.3 or Code section 423.4.

29 The committee must establish and maintain a system for
30 making available to the public information about the amount and
31 effectiveness of tax expenditures and the extent to which tax
32 expenditures comply with the statement of principles of sound
33 tax policy.

34 The committee must engage in the regular review of the
35 state's tax expenditures. In reviewing tax expenditures, the

1 committee may review any tax expenditure at any time, but shall
2 at a minimum perform certain reviews according to a schedule
3 prescribed by statute. For each tax expenditure reviewed,
4 the committee must submit a report to the legislative council
5 containing the results of the review. The report must contain
6 a statement of the policy goals of the tax expenditure and
7 a return on investment calculation for the tax expenditure.
8 "Return on investment calculation" is defined to mean analyzing
9 the cost to the state of providing the tax expenditure,
10 analyzing the benefits realized by the state from providing
11 the tax expenditure, and reaching a conclusion as to whether
12 the benefits of the tax expenditure are worth the cost to the
13 state of providing it. The committee's report may also include
14 recommendations for better aligning tax expenditures with
15 principles of sound tax policy.

16 The committee must also estimate for each fiscal year,
17 in conjunction with the legislative services agency and
18 the department of revenue, the cost of each individual tax
19 expenditure and the total cost of all tax expenditures, and by
20 December 15 provide those estimates to the governor for use
21 in the preparation of the budget message under Code section
22 8.22 and to the general assembly to be used in the budget
23 process. The estimates provided may include the committee's
24 recommendations for the imposition of a limitation on a
25 specified tax expenditure, a limitation on the total amount of
26 tax expenditures, or any other recommendation for a specific
27 tax expenditure or the program under which the tax expenditure
28 is provided.

29 Division III of the bill reduces the amount of tax credits
30 that the department of economic development is allowed to
31 authorize for certain programs each year from \$185 million to
32 \$120 million, except as otherwise provided in the division.

33 Division IV of the bill prevents the department of economic
34 development from registering any new projects under the film,
35 television, and video project promotion program until July 1,

1 2012. The division takes effect upon enactment.

2 Division V modifies the amount of the additional research
3 activities credit in Code section 15.335. Currently, the
4 amount of the credit is 6.5 percent of research expenditures.
5 The division provides that for businesses with annual gross
6 revenues less than \$20 million, the credit amount is 10
7 percent. For businesses with annual gross revenues greater
8 than \$20 million, the amount of the credit is 3 percent.

9 Division V also modifies the percentages applicable to the
10 alternative incremental credit calculation available under the
11 additional research activities tax credit. For businesses with
12 annual gross revenues of \$20 million or less, the percentages
13 are 2.54 percent, 3.38 percent, and 4.23 percent. For
14 businesses with annual gross revenues greater than \$20 million,
15 the applicable percentages are 0.76 percent, 1.02 percent, and
16 1.27 percent. Division V applies to tax credits awarded under
17 Code section 15.335 on or after July 1, 2010.

18 Division VI of the bill reduces the maximum amount of
19 statewide program job credits that may be allocated to
20 community colleges under the accelerated career education
21 program in any one fiscal year to \$5.4 million. The maximum
22 amount is currently \$6 million.

23 Division VII of the bill reduces the maximum amount of
24 agricultural asset transfer tax credits that may be issued
25 in any one fiscal year to \$2 million. The maximum amount is
26 currently \$6 million.

27 Division VIII of the bill eliminates the economic
28 development region revolving loan fund tax credit program. The
29 division applies retroactively to January 1, 2010, for tax
30 years beginning on or after that date.

31 Division IX of the bill reduces the maximum amount of tax
32 credits that may be issued under the Endow Iowa program to \$2.7
33 million. The maximum amount is currently \$3 million. The
34 division is effective upon enactment and applies retroactively
35 to January 1, 2010.

1 Division X of the bill reduces the maximum amount of school
2 tuition organization tax credits that may be issued to \$6.75
3 million. The maximum amount is currently \$7.5 million.

4 Division XI reduces the maximum aggregate amount of tax
5 credits that may be issued under the Iowa fund of funds program
6 to \$60 million. Currently, \$100 million may be issued under
7 the program. The division takes effect upon enactment.

8 Division XII eliminates the venture capital fund investment
9 tax credit and makes conforming amendments. The division does
10 not affect the validity of tax credit certificates issued for
11 future years which may still be outstanding after enactment of
12 the bill.

13 Division XIII of the bill eliminates the refundability
14 of certain tax credits for value-added agricultural products
15 available under the investment tax credit in Code section
16 15.333. The division takes effect upon enactment.

17 Division XIV of the bill reduces the amount of historic
18 preservation and cultural and entertainment district tax
19 credits that can be reserved under Code chapter 404A from \$50
20 million per year to \$45 million. The reductions only impact
21 years in which the department has not yet approved projects
22 under the program.

23 Division XV of the bill relates to estate taxes. In
24 2001, Congress enacted the Economic Growth and Tax Relief
25 Reconciliation Act (EGTRRA) which reduced the federal estate
26 tax rates and increased the exemption level for estates for tax
27 years 2002 through 2009. In 2010, EGTRRA repeals the federal
28 estate tax completely. EGTRRA also phased out the tax credits
29 for state inheritance and estate taxes in 25 percent increments
30 between 2002 and 2005. Until 2008, Iowa had an estate tax,
31 the base and the amount of which were calculated based on the
32 federal tax credits phased out in EGTRRA. This type of tax was
33 referred to as a "pick-up tax". In 2008, Iowa's estate tax was
34 eliminated. This bill reenacts the estate tax, including the
35 base and amount calculations specified in the Internal Revenue

1 Code. The Code chapter reenacting the estate tax shall not be
2 implemented unless the federal tax credits are reenacted as
3 well.

4 Division XVI of the bill requests the legislative council
5 to establish an interim study committee to evaluate and make
6 recommendations regarding the enterprise zone program.

7 Division XVII of the bill requests the legislative council
8 to establish an interim study committee to evaluate and make
9 recommendations regarding the industrial new jobs training
10 program.